

# COST *and* MANAGEMENT

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## CONTENTS

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	Page
UNIVERSITY EDUCATION FOR COMMERCE. By Prof. R. R. Thompson, M.C., V.D., A.C.A., C.A. ....	2
MONTREAL COURSE ATTRACTS LARGE NUMBERS .....	5
INDUSTRIAL ACCOUNTING FROM A PRACTICAL STAND-POINT. By S. E. Le Brocq .....	6
THE TREND OF PRODUCTION COSTS .....	13
FINANCE. By Hon. James A. Robb .....	14
COST MEETING FOR LITHOGRAPHIC INDUSTRY .....	17
BOOKS RECEIVED .....	18
CHAPTER PROGRAMMES, 1929-30 .....	19
CHAPTER NOTES .....	22
COST LITERATURE .....	27
CHAPTERS AND CHAPTER PROGRAMMES .....	27
NEW MEMBERS .....	29
COST MEN AVAILABLE .....	29

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## University Education for Commerce

By PROF. R. R. THOMPSON, M.C., V.D., A.C.A. (Eng.),  
C.A. (Canada),\*

*Professor of Accountancy, School of Commerce, McGill  
University; President, The Canadian Society of  
Cost Accountants.*

(Before Winnipeg Chapter August 9, 1929.)

**T**HIS is the first time that a president of the Canadian Society of Cost Accountants has had the pleasure of meeting the Winnipeg Chapter and I believe the first time that any member of another chapter has spoken to that of Winnipeg. On behalf of the remainder of the society, may I congratulate you on the formation of this chapter, which will be a forum in Winnipeg where cost accountants, factory managers, general accountants, and others can discuss the costing and other problems of Canadian industry. Your programmes show what excellent work you are doing.

Your secretary asked me to speak about "University Education for Commerce." As a preliminary may I suggest that you follow a certain line of thought, which I shall present to you in the form of a couple of problems.

### Problem No. 1

Canada's great need is population to produce wealth, to provide a home-market, and to pay taxes.

To solve this we must provide employment which will keep at home native-born Canadians and which will be of such a nature that the British stock we wish to draw in will come ready-trained for it.

May I emphasize here that there is no steadier or better citizen than the British working man—none more loyal, nor more conservative in the best sense of the term.

How is this employment to be provided?

Only a fraction of the children of the farms want to stay on them; only a fraction of the people of the British Isles and of Europe are suited for a farming life.

### The Provision of This Employment is Problem No. 2

The solution lies in the development of the manufacturing industries and of the overseas commerce of Canada, so that Canada may keep and absorb people suited for all walks of life. We must work for this by every means in our power. We must have the greatest efficiency possible in all branches of Canadian industry, and we must search out fresh foreign markets for the export of Canadian manufactured goods.

There is great specialization in modern commerce. We must train men for commerce so that they enter it with the necessary basic knowledge and sound methods of thought—particularly with

\*Owing to Professor Thompson not being able to move from his car because of an accident, this address was read by Dean Sinclair Laird of the School for Teachers, Macdonald College, Quebec.

## UNIVERSITY EDUCATION FOR COMMERCE

regard to finance. The old slipshod methods will no longer do. Young men must go into commerce ready-prepared, and not have to learn by their own losses and the losses they bring on others. Experience is a good teacher—but it is often a very costly one—unless we can learn from the past experience of others. And that is what is gathered in a university for the benefit of the student—the fruit of the past experiences of others.

This country, with its raw materials, its water-power and its ports on two oceans, is destined to become one of the great manufacturing countries of the world. Its two great areas will be the basin of the St. Lawrence and the Great Lakes and Southern British Columbia. How can we help forward our destiny?

I suggest to you that one way is by training our young men so that not only are they men of broad vision and culture but that they enter Canadian commerce with the necessary fundamental knowledge for its best development and with sound methods of thought—particularly with regard to finance, that most difficult but most vital of all subjects. We must train them up as clear, exact thinkers—men who can recognize facts and reason clearly from them; men who can discover the solutions of Canadian industrial and commercial problems, and men who can put those solutions into effect.

Universities are not places where men are simply given appropriate doses of knowledge; they are places where men are taught to study, to search out, and to think, and to have confidence in their own judgment, so that they can act for themselves—always having that respect for the thoughts of others which comes to the true student.

May I suggest to you subjects which would give a student knowledge of basic value in commerce and, at the same time, train him to think broadly, deeply and justly? I base this largely on the curriculum of the School of Commerce of McGill University.

*English.*—Not what some call "Business English" but English literature. If a man can write good, clear English he will be clear and concise in any written statements he may make. Some of our finest literature is written in the simplest and most direct language. The man who loves books and is well read will always be broad and cultured and have a means of enjoyment in life not possessed by others.

*Mathematics.*—Not only is a good knowledge of mathematics essential for commerce but it trains men to be clear and exact thinkers, particularly in terms of calculation.

*Accounting.*—I believe that every business man should know his way about his own books; that he should know the why and the wherefore of the principles of sound finance; and that he should be able to understand the meanings of financial statements, and how the forces in a concern, measured by the one common measure, act and react on each other and on the concern as a whole. In the School of Commerce of McGill University we think that a student must know thoroughly the machinery of double-entry bookkeeping before he can be taught accounting and the reason for and application of legal principles in terms of finance. We must be sure that he has the foundations before we build the superstructure. We also think that a man should understand the principles of cost accounting, and we have a special course on business organization and factory manage-

## COST AND MANAGEMENT

ment. A proper study of accounting teaches men to reason and to apply their reasoning and knowledge. No one can become an efficient accountant without having good powers of reasoning and a well-balanced mind. A retentive memory is also necessary, but it is only a fraction of what is required. Like every other form of study, accounting gives its own rewards; it teaches its students to think carefully and logically, to weigh issues against each other, and to be just. Incidentally, it also teaches that a great deal of genius lies in an infinite capacity to take pains.

*Economics.*—Men should have a good grounding in economics, and the following are some of the branches of that wide subject dealt with in different courses at McGill:

*Economic Theory of Exchange:* Money, banking and so on.

*Canada—Progress and Present Position of Economic Development.*

*International Trade and Trade Policy.*

*Economic Geography of the Pacific.*

I would like to see other courses put on dealing with the economic geography of the whole world, so that some of our young men may be given a mental attitude which will cause them to study foreign markets with a view to our selling our industrial and farming products in every market of note in the world. We need to study the terrain, climate, conditions, products, needs, trade-routes, financial systems, and so on, of every country with which Canada can do business. Canada has an excellent good-will wherever the British flag flies. Let us take advantage of it; it is our own peculiar property. But she also has the good-will of most of the countries of Europe, besides those of other parts for the world; let us take advantage of that also. We have this good-will because we were loyal to the traditions of freedom of the British Commonwealth during the Great War. It is ours; let us make full use of it.

*Law.*—Ignorance of the law excuses no one. A business man should understand the main principles of the law which is going to rule his life. There can be no pretence in a commercial course such as I outline of making a man into a lawyer, but he should know enough of the law to realize when he is on dangerous ground and ought to take legal advice. A study of the law has great possibilities in mental development. To understand something of the law a man must be able to reason logically and he must be just.

May I add that a study of the law invariably increases a man's respect for it; he realizes how through it all runs a great striving to be just and equitable to all.

*Languages.*—Particularly French and Spanish. It is often an immense advantage to a man in commerce to understand one or more languages besides his own. Besides this, the cultural values are great, because each language opens up the avenues of another literature and the way into the minds of another group of peoples.

In addition, as the students and their advisers see it desirable, it should be possible for them to obtain a working knowledge of scientific subjects, such as chemistry, physics and biology, so that they may be able to discuss them intelligently.

Subjects such as marine insurance, psychology, history and Latin, which are also included in the McGill curriculum, could be taken as the student thinks fit, but in a subsidiary capacity.

## UNIVERSITY EDUCATION FOR COMMERCE

I suggest to you, gentlemen, that such a course would have not only a great cultural value but would equip a man with fundamental knowledge and sound methods of thought for a commercial career.

May I point out that last year, for the first time, the dollar value of the manufacturing production of Manitoba exceeded that of the farming? This year the same result is expected but with a greater difference. In other words, Manitoba is becoming industrialized. The provincial government expends a large sum annually on an agricultural college; surely, with the manufacturing production exceeding that of agriculture, commercial men are entitled to ask that the government should spend an equal sum on a school or faculty of commerce for its university.

We know that there is a great future for Canada. We have only to hold what we have and in two generations, by weight of population and wealth, Canada will be the dominant partner of the British Commonwealth. A hard climate means a strong national character, with good foresight, and it is character that counts. Canada looks out over two oceans—the Atlantic and the Pacific. Because of her layout she is forced to look east and west and north, and is prevented from being self-contained and selfish. We cannot have a narrow outlook; we must be broad. All of this is preparing Canada for her great future.

We should do all in our power to fit our young men so that they can build up the commerce and industry of Canada on a sound basis. The day of the specialist is here, and men nowadays need a special course of training for commerce just as they do for law or medicine. We must make it possible for young men to work in every direction to make Canada prosperous, so that she may live and grow and be strong and be capable of her great destiny, which is to lead the British Commonwealth, and that means leading the world.

### MONTREAL COURSE ATTRACTS LARGE NUMBERS

THE number of enrolments in the course arranged in Montreal through the co-operation of the Canadian Society of Cost Accountants, Chartered Institute of Secretaries, McGill University and the Montreal Board of Trade, has exceeded expectations, according to J. Stanley Cook, secretary of the Board of Trade. Originally, he explained, they only arranged to take 100 students for the first season but the number has swelled to nearly 200 while the admission of 35 has had to be regretfully declined on the score that the lectures having begun they would be unable to keep pace with the classes. Those who have enrolled are making 100 per cent. attendances and a feature of the courses which are conducted entirely in English, is that some 40 French Canadians have joined.

Already, Mr. Cook said, so successful have been the classes, that the committee is considering the addition of several courses next season. At the present time, cost accounting and factory organization, and commercial law and commercial arithmetic, is taught in the Mechanics Institute and commercial correspondence will be introduced in January. Bookkeeping and partnership and manufacturing accounting, are the titles of the lectures in the Arts Building of McGill.

## Industrial Accounting from a Practical Standpoint

By S. E. LE BROcq,

*Vice-President of The Canadian Society of Cost Accountants; Comptroller, The Steel Company of Canada, Limited, Hamilton.*

(Before Central Ontario Chapter, Kitchener, October 10, 1929.)

FIRST of all I wish to congratulate you on the inauguration of the Central Ontario Chapter of the Canadian Society of Cost Accountants. It is another evidence of the trend of modern thought arising from the realization that to be successful we have to consult with one another.

By this time no doubt you have made yourselves fully conversant with the aims and objects of our society. The practical function of the organization is that it provides an open forum for the exchange of ideas and the solution of one another's problems. The time has long gone by when any one business of any size can be run on the basis of one man's brains. True, there must be a leader, and he must be a man of high caliber, capable of good, sound leadership; but the conclusions arrived at by that leader, to be of real value, must be based on the findings of his technical men whose business it is to specialize in the various branches of the industry. It is only by the co-ordination of brain power that best results can be obtained.

When Mr. McKague asked me to prepare an address for this meeting my principal problem was to find a suitable subject in order to make our discussion of practical value, without rehashing theoretical viewpoints over and over again. I am going to take it for granted, therefore, that our respective accounting systems are based on sound fundamental principles and relate a few of my personal observations in the interpretation of accounting as generally applied.

### Theory Versus Practice

Sir Robert Falconer, President of Toronto University, at one of our C. S. C. A. conventions in Toronto, emphasized the importance of university training. He pointed out the truth that the untrained man is liable to jump at conclusions—the result of certain conditions to him seems obvious. The university man will not take things for granted—he will do some research work in connection with the problem at issue, record his facts and marshal them in such form that they will show what practical results will be obtained. On another occasion the president of a large corporation impressed upon me the importance of theoretical knowledge in order to apply fundamental principles, but at the same time emphasized the necessity of being practical in the application of my theories.

## INDUSTRIAL ACCOUNTING FROM A PRACTICAL STANDPOINT

To illustrate my point I will recite a few of my own personal experiences:

### Spare Parts

Spare commodities are invariably purchased to provide replacement parts for some important units immediately a breakdown should occur. Theoretically it is proper to charge spares to stores. It being problematical, however, when such spares are likely to be used, it is altogether likely that the marketable value of such spares at the time they are requisitioned by the operating department will be considerably altered. In any case there will be deterioration or possibly obsolescence to be considered. As it is advisable to retain the value of all commodities to marketable value or less, the original cost would automatically be reduced and charged to P. and L. through inventory adjustment. Thus when the time came for the operating department to use these spares they would not be charged with the cost of the spares but with the marketable value at the time they were put in use. In fact, the operating superintendent would object to being charged a price higher than market value. Thus you will see that from a practical standpoint the only way to deal with a condition like that is to charge them off to the department as ordered, not necessarily as used. Keep them in stores if you wish but mark them "Charged out".

I know some may dispute this procedure but I want to point out that in the long run it makes very little difference if they are charged out as ordered or requisitioned, because when the next set of spares are purchased the departmental expense is automatically equalized.

### Business Tax

Business tax, according to text-books, is chargeable to selling expense. What is the basis of the business tax assessment. In Ontario it is 60% of the realty assessment; in Quebec it amounts to about 5%. On the other hand, Quebec has a high capital tax, while Ontario has merely a nominal provincial license. Taxes are imposed by various provinces as expediency may require. So much money has to be obtained and assessments in various forms are introduced. The city officials do not look with favour on high mill rates—it reflects bad management, so someone conceived the idea of another form of assessment.

What sort of comparative figures could we obtain, operating in different parts of the country, if we were going to interpret literally the various municipal terminologies? True, "business tax" as it affects sales offices or retail establishments may be considered a "business tax" in its true sense and chargeable to selling expense, but from a manufacturing plant standpoint, particularly a business having branches in different parts of the country, this business tax, in my opinion, is simply part of the total taxation incidental to the operation of the plant, and may quite well be regarded from a practical standpoint in the light of an operating expense, chargeable to costs. In other words, taxes would not be imposed unless the manufacturing plant existed—the business part of it is simply a subsequent consideration.



## COST AND MANAGEMENT

### Direct Charges to Profit and Loss

In the company I am associated with if we can possibly avoid it, we do not charge anything to profit and loss which should be absorbed in costs. Each commodity has to reflect its actual manufacturing cost, and each cost of sale must be all-inclusive. We have discarded long ago any accounts which proved to be a dumping ground for charges which it was difficult to connect with any particular commodity. Theorists may again tell us that if any charges occur in subsequent periods affecting operations of previous periods such charges should be made against surplus. It is quite true in theory, but from a practical standpoint we want to have every record purporting to indicate the performance of any department and the cost of any particular group of products in that department reflect actual conditions over a period of time, and to do this it makes no difference when the charges come in; they are charged to the commodity account or departmental expense and resultant fluctuations explained, if necessary.

### Why Paint Pictures

Costs are supposed to reflect actual conditions. Some time ago I was talking to a friend of mine in the printing business. He related a case where he had been able to effect a saving in one producing centre by taking off a man from a group of machines and using him in some other work. What do you think he was doing then? He was journalizing a fictitious cost for the operation of that machine which had been relieved of this man's time, supposedly to represent the value of the time which this man would have spent under previous conditions on that particular machine and crediting that to idle time.

In this particular case what would that journal entry mean? As a matter of fact, I do not know yet what it was intended to mean except that he may have wanted to put his costs on a basis with his competitors. Know your costs and let your records show whatever savings have been affected through proper organization or introduction of mechanical devices. What are costs for if they do not reflect actual conditions? If you have some advantage over your competitor and know it pass on the information to your sales department.

### Inflation of Capital Accounts

Possibly the most important part of an accountant's duties is to see that capital accounts are not inflated, and, to my mind, the hallmark of the real accountant is one who can surely and definitely allocate to capital all proper items. A good rule to remember is that "capital expenditures must permanently increase revenue either by an increase in production or a decrease in costs". Operating men, as a general rule, are primarily interested in reducing their operating costs and not in asset values. The accountant is expected to exercise unbiased and impartial judgment and see that nothing is capitalized which does not represent real additional value to asset figures. He is likewise expected to see that operations are not charged with legitimate capital expenditures. The accountant, and not the operating man, is expected to interpret the fiscal policies of the company.



## INDUSTRIAL ACCOUNTING FROM A PRACTICAL STANDPOINT

Do not be over-technical. True, you may see some asset value in almost all expenditures, but apply the acid test always. Invariably when additions are undertaken the alterations prove to be just as important, if not more so, than the additions. Check the charges carefully with physical conditions. Furthermore, if any parts or equipment purchased remain unused, do not give them away to the first operating superintendent who sees an opportunity to reduce his costs. Your responsibility is, first, to see that your capital account does not remain inflated through having been charged with equipment which has not been used for that particular job; secondly, you are responsible to see that costs are not reduced by the advent of an extensive construction programme by operations benefiting either by using up temporary construction materials, excess equipment or parts purchased or by having construction jobs charged with overhead items which the operating department would have to pay for under normal conditions.

### Administration and Selling Expenses

There is no universal method adopted in respect to the treatment of these expenses. Quite often administration expenses are assembled separately as distinct from selling expenses; such administration, being incurred primarily for manufacturing purposes, is included in costs. I heard a discussion in New York, when some accountant suggested that "selling expenses" should be charged to costs and inventories. With all due respect to this eminent accountant's broad experience, I would hesitate to agree with him. My own idea of this is that it is chargeable to cost of sale providing such expense can be properly related to the commodities sold. If it can, then my suggestion would be to apply the expense to cost of sale at a predetermined unit of cost based on normal conditions. But be sure that your business is such that you can derive practical results for all your trouble. Unless selling costs can be intelligently applied against your products it would be better to keep these charges out and consider them in total only.

### Standard Costs

We have heard a lot about "standard costs"—in fact, at the New York International Congress of Accounting recently some professional practising accountant made the statement that he was amazed that the industrial accountant had not adopted the principle of standard costs. I suppose it must be amazing to a professional accountant thoroughly imbued with the idea of standard costs, but then there is just the possibility that, under certain circumstances, standard costs might not function as theoretically intended.

Personally, I would not care to be associated with a company with any more accounting complications than our own, and I would hesitate to state, with my knowledge of our own business, that standard costs could or could not be adopted without real research and investigation as to the practical efforts of any theoretical viewpoint I might have. To say that standard costs are applicable to all industries without a knowledge of existing local conditions is absurd, and if they were applicable then surely some consideration would need to be given to their practical value.

## **COST AND MANAGEMENT**

### **Cost Accounting**

Mr. McKague informed me when I mentioned the subject of my discourse as "Industrial Accounting" that he thought I should refer particularly to cost accounting. I have done so in a general way, but with the idea of giving you "food for thought". I wanted to bring home the truth that things are not always what they seem. Take nothing for granted, because quite often suggestions are put forth which in themselves appear quite innocent but which in reality might have a very far-reaching effect.

### **Effect on Balance Sheet and Fundamentals**

Be sure you know where you are going to land before making your decision. View all transactions from the ultimate effect on your "net worth" as reflected on your balance sheet, and if you have the proper perspective and appreciation of your company's fiscal policy you will not go far astray. If I were going to express myself on any particular cost method as applying to various industries I doubt if I would tell you anything new, because cost methods are pretty well established in principle—in fact, I think we all agree on the principles of accounting as a whole. There is no one cost system which can possibly cover all requirements, but we all agree on fundamentals, and it resolves itself into giving practical effect to such fundamentals and application of good, common sense. Avoid complicated systems and stick to fundamentals. Do not get yourself involved with "standard costs" unless you are positively sure that standard will fit your particular conditions.

### **Overhead—Predetermined Principle**

In the application of a "job" or "process" system you may see fit to apply the principle of predetermining overhead. Personally, I feel that for all practical purposes this principle is sound with practically all cost systems. The operating superintendent is interested primarily with his direct labor costs and other direct charges. He may be charged with a certain amount of steam or water and other charges from service departments, but he has ordinarily little or no control over such charges. It is the accountant's duty to analyze such charges and if he finds that the predetermined rate is not sufficient to completely absorb the expenditures then he should focus his attention on the service department's operations. It becomes his duty to follow the cost per unit of that service department's operations in the same manner as he follows the cost per unit in any production department.

### **Effective Controls**

The principal thing in all cost systems is proper departmentalization and classification of accounts and breaking down such classifications into effective controls. While it is not always good business to have too many sub-accounts, yet be sure that your requirements are adequately provided for in the initial stages of your cost system. This will save you considerable work in re-analyzing your data in the end. Record the facts step by step; reduce everything to simple terms and do not complicate entries by the interjection of matter which is irrelevant to what the respective entries are intended to convey.

## INDUSTRIAL ACCOUNTING FROM A PRACTICAL STANDPOINT

### The Old Versus the New

Of recent years mechanical operations in manufacturing plants have changed to such an extent that they are now hardly comparable with conditions two or three years back. In order to compete we have to keep alive to changing conditions, and if we have to do this in the plant would this not apply also to the office?

### Up-to-Date Mechanical Devices

When in New York recently I witnessed the operation of what I would say was a very ingenious method of taking care of accounts payable routine. From the time the invoices are approved by the accounts payable clerks until the checks are made the whole of the clerical work is done mechanically by a tabulating system in conjunction with a typewriter. The tabulating cards are punched simultaneously with the typing of the invoices on the accounts payable register. This is done by means of a key-punch hook-up to the typewriter. These cards are then sorted according to due dates and the treasurer's cash requirements established by due dates. By another sorting the cards are abstracted by account numbers, then tabulated results imprinted on a summary sheet, giving all reference data. This is done by a printing attachment on the tabulator. Both tabulations—that is, daily cash requirements and account charges, naturally have to reconcile one with another. On each due date the tabulator, with the aid of the printing attachment makes out the vouchers automatically. The total of the vouchers made for any particular due date cancels the liability for that date. This not only saves typing of vouchers and abstracting but obviates the necessity of reconciling cash disbursements with accounts payable credits. After the vouchers are made the checks are typed and the cash abstract portion also punched simultaneously with the typing of the check.

I am citing this case not to advertise tabulating machines but to illustrate the potential possibilities of mechanical devices in offices and the necessity of our keeping in touch with changing conditions.

### Henry Ford

Quoting from the "American Magazine" of some late issue:

"Years ago, in one of the first interviews with Henry Ford which ever appeared in any magazine, I quoted him in these pages as saying: 'There is only one thing in business that is certain and that's change. I don't know what to-morrow is going to be like, but I do know this—it's bound to be different from yesterday and to-day'."

An interesting statement, which I remembered and used more than once during the next few years. But a curious thing happened. Mr. Ford, who had seen so clearly the inescapable law of change, got the idea that somehow he might escape. He had announced that all business is subject to change yet he seemed to think that his business could be an exception. The public began to ask for more life and color in their automobiles. "They can have any color they want so long as it is black," said he. When somebody wondered why he was building airplanes he replied: "To give my engineers something to play with so they will quit trying to monkey with the Ford car." His dealers came to complain that competition was destroying them. He rejected their suggestions and increased their quotas. The Model "T"

## COST AND MANAGEMENT

had lasted unchanged for fifteen years; it would last for fifteen more. Each year the quality of competing cars rose and prices dropped. Each year more purchasers were lured away from the Model "T" until finally the handwriting on the wall was so large that Mr. Ford could no possibly shut his eyes to it. Another couple of years and his great plants would have become very sick. He had to change."

It is a poor leader who will not heed the advice and suggestions of his fellow-workers, particularly those who are specialists in individual lines.

### Assigning Responsibility

Choose your man, not only in public life but also in business enterprise, and set him loose. Do not put too many restrictions on the scope of his activities. He will see to it, if for no other reason than to protect his own interests, that nothing is done but what he can substantiate with good results. He will not take any unnecessary risks. If he is a proper organizer he will take a similar attitude with his heads of departments and staff and give them every opportunity to make suggestions, and in so doing they will work not only for the interests of the company but, incidentally, for their own.

Have your functions properly defined; then see that the responsibility for any particular work is complete in every respect in so far as it affects any particular individual. Make the individuals responsible and let them sink or swim by the result of their efforts. They will make mistakes—we all do. I would be sorry for the man who did not profit, or was not better, by having made mistakes.

### Knowledge Plus Opportunity—Success

In one of our local papers I observed recently the headlines "The Destinies of Nations Rest Upon the Words of Two Men." These were MacDonald and Hoover, both men having reached their positions from very humble stations. Abraham Lincoln's recipe for success in his own formula was "WORK—WORK—WORK." Quoting from an editorial on this great leader: "Unceasing effort, combined with genius, took him to the top and made him equal to any demand. His remarkable career illustrates the simplicity of greatness and the greatness of simplicity." It is only seldom a brilliant person attains a position of distinction; on the contrary, it is usually the person with average brains who will apply himself or herself and who is willing to work hard enough to attain the ultimate goal.

Quoting Longfellow:

"Heights by great men reached and kept  
Were not attained by sudden flight;  
But they, while their companions slept,  
Were toiling upward in the night."

### To Sum Up

We have discussed:

1. The importance of appreciating the practical side of accounting. Prove your theories before putting them into practice.
2. The necessity of visualizing the ultimate effect of any transaction on your balance sheet.

## INDUSTRIAL ACCOUNTING FROM A PRACTICAL STANDPOINT

3. The importance of keeping in touch with all business innovations, including mechanical devices, remembering that "there is only one thing in business that is certain and that is CHANGE."

4. The advisability of having your accounting functions properly defined and seeing that the responsibility for any particular work is complete as it affects any particular individual.

5. Last, but not least, the realization that nothing can be accomplished without proper co-ordination of brain power. Nothing great was ever accomplished single-handed.

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### THE TREND OF PRODUCTION COSTS

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COMMODITY prices showed a slight reduction in September, the Dominion Bureau of Statistics index, based on 502 commodities, with 1926 as the base period, being reduced from 98.1 to 97.3 during the month. The figures are as follows:

	Sept. 1928	Aug. 1929	Sept. 1929
Foods, beverages and tobacco .....	101.7	103.2	103.2
Other consumers' goods .....	93.0	91.1	90.5
All consumers' goods .....	96.5	95.9	95.6
Producers' equipment .....	92.8	94.9	94.8
Producers' materials .....	93.8	100.9	99.5
Building and construction materials .....	98.6	99.8	100.2
Manufacturers' materials .....	92.8	101.2	99.3
All producers' goods .....	93.7	100.3	99.5
All commodities .....	95.4	98.1	97.3

It will be seen from the above that the month's changes are small. Compared with a year ago, materials for manufacturing are substantially higher.

During September the following commodities showed important price advances: Canned fruits, vegetable oils, vegetables, furs, hides and skins, boots and shoes, milk and its products, eggs, and raw silk. Important decreases were shown by the following: Foreign fresh fruits, grains, live stock, meats and poultry, fats, silk hosiery, raw wool, wool yarns, and silver.

Scarcity of money continues, with rates high.

The number of strikes and lockouts in effect in Canada in September was nine. Five of these were carried over from August, while four new ones commenced. Four were terminated also, leaving the following five in existence at the close of the month: Moulders, Montreal; compositors, Nelson, B.C.; bakers, Montreal; knitted silk goods workers, Toronto; steel car workers, Hamilton.

## Finance

By HON. JAMES A. ROBB, P.C., M.P.,  
*Minister of Finance, Ottawa.*

(Before Montreal Chapter, October 3, 1929.)

(As reported in the Montreal Gazette, October 4.)

MUCH could be done in Canada in favor of better service and less taxes by eliminating duplication of service and overhead expenses in the opinion of Hon. James A. Robb, Minister of Finance, who addressed the Canadian Society of Cost Accountants on the occasion of their opening dinner, held last night at the Windsor Hotel.

This duplication of service exists on a somewhat large scale, according to the Minister of Finance, and can be found "overlapping between the federal and provincial bodies, and between the provinces and municipalities." Hon. Mr. Robb suggested that a study of the cost of duplication in public service would be very interesting and instructive, and encouraged the cost accountants to use their spare moments in figuring it out. Such a research work, he commented, "would be very interesting and instructive to your members, as well as helpful to the Minister of Finance and treasurers of the Dominion and provincial governments." Hon. Mr. Robb said:

"Much as I appreciate the honor of assisting at this formal opening of the fall and winter sessions of your society, I realize it must have been in a moment of weakness that I consented to speak in the presence of so many men trained in the science of calculating values, although it is true there is a relationship between cost accountancy and public administration. Sharing as we do problems in common, I should like to enlist your help and co-operation in reducing the overhead cost of public service throughout Canada. Years of experience in active public life—as school trustee, alderman and mayor in a small city, member of parliament and member of a government, with opportunity in office, and in position, of closely examining the activities of various departments of government—have convinced me that we Canadians have yet much to learn in cost accountancy as applied to public business. The members of your association, trained as you are to discover and eliminate waste, can do much to improve Canadian public service.

"Daily in contact with industry and the interweaving of the activities of one company with those of another, your members realize that the success of one business assists the progress of another, thereby developing a solid chain of prosperity from coast to coast. In Parliament consideration is rarely limited to a particular section or industry. Men may enter Parliament with a local outlook, but they soon realize that a policy good for Canada is good for each section and all industries; therefore, they seek to give a lead and to lend such measures of assistance as are within their power that the effect may be felt throughout the entire economic fabric of the Dominion, so that,

## FINANCE

although following different lines of approach, we all work towards the same goal. Your task is to discover and eliminate waste in individual operations; Parliament's duty is to smooth the way of enterprise in all its branches, and thus remove burdens or handicaps from the people in general.

### Eliminating Process

"You ask How can we help? I understand that during the fall and winter, while golfing is not good, you improve your time by studying public business. I imagine the members of your association, like boards of trade, chambers of commerce and other civic bodies throughout Canada, are in favor of better service and less taxes. How can this be brought about? By reducing overhead, by reducing and eliminating, if we can, duplication of service, and there is duplication—lots of it—overlapping between federal and provincial bodies, duplication between the provinces and municipalities. It is not a new condition; it is not limited to party politics. This overlapping has been growing, slowly but steadily, since Confederation. The Act of Confederation laid down certain broad principles dividing the duties and responsibilities of Dominion and provinces. In turn, the provinces allocated duties and responsibilities to the municipalities. All have done the work assigned to them fairly well, but in trying to give improved service we have allowed duplication to creep in to such an extent that there is yearly a demand for what is really a greater duplication of effort and expenditures.

"May I suggest that a study of the cost of duplication in public service would be interesting and instructive to your members as well as helpful to the Finance Ministers and treasurer of the Dominion and provincial governments.

"But, sir, notwithstanding duplication, Canada is doing very well. Some time ago one of our banks issued a general survey of conditions throughout the Dominion and stated the facts concisely. It was a Dominion Day message, reminding Canadians that Canadian commerce, in nearly every branch, had reached a higher peak than ever before; that foreign trade, railway traffic, manufactures, mining, building operations and agriculture, in the large, were of greater volume and value than ever in the past. It was pointed out that employment was never more brisk nor balance sheets better. Summing it all up, these bankers, with their fingers on the pulse of Trade throughout all provinces of our broad Dominion, said: 'Diffused prosperity, the rising tide of which set in five years ago, continues.' They might have added that Canada is still far from the high-water mark, but isn't it a splendid picture and one of which we may all be proud?

"In the younger countries of the world political groups sometimes err in tactics and perhaps impede the natural development of their own country by disparaging the extent of the economic and national prosperity existing during the regime of political opponents. As countries develop and mature this political folly is relegated to the lumber-room and it is encouraging to note that such political practices are to-day neither so general nor accepted in Canada as they once were. Canada is growing up; Canadians are becoming broader minded, less sectional, and, in the language of the street, Canadians are now 'long' on their own country.



## COST AND MANAGEMENT

### National Wealth Figures

"Dry as statistics may be, they tell the reason why. Twenty-five years ago the national wealth of Canada was estimated at six billion dollars; it is now given as twenty-eight billions. Our international trade has increased from four hundred and fifty millions to two thousand, six hundred and fifty millions. The annual production of our manufactures has increased from seven hundred millions to about four thousand millions of dollars.

"In addition these statistics explain why it is annually possible for the Dominion Government to reduce both taxes and the national debt. The annual debt charges are, to a national government, the waste which must be eliminated. It took 31 per cent. of our total expenditure last year to pay the interest charges on the Dominion bonded debt in the hands of the public, or, in money, one hundred and seventeen millions of dollars. That is a large sum. Is not the annual reduction a sound national policy? Yet, while taxation reductions bring popularity, debt reduction makes a dull topic.

"Especially is this true when we bear in mind that the operations of the Dominion cost several hundreds of millions of dollars annually and, although the money is raised from some ten million people the mere size of the figures make it difficult for the taxpayer to visualize what is his annual share.

"May I, therefore, instead of quoting figures, seek by another method to illustrate what has been done with the national debt, which really has its origin in the Great War. As the war progressed the debt increased, and, after the actual fighting was over, the absorption of the railways and other public activities, including care of the returned soldiers, kept increasing the load until the fiscal year 1923-24 was reached, when a start was made in paying off the debt. Each year since, and including 1924, as revenues permitted, the war debt has been reduced. These reductions now total a substantial sum. As you know, the cost of the war was paid largely with borrowed money. The expenses of the first contingent have now been paid off; the campaigns of 1915 have been liquidated. The Second, Third and Fourth Divisions have been trained and placed in the field. The Fifth Division is in training and the war depots and lines of supplies are functioning. We are, in theory, squared off as to the money cost of the Battles of the Somme and are now approaching the flanks of Vimy Ridge. It is a happy augury that, just as the Canadian Corps came to its full strength and glory in April, 1917, before Vimy Ridge, so do we find the Canadian people of 1929 marching ahead financially strong and united, ready to conquer the huge debt maturities just around the corner. Canadians are confident, and on the money markets of the world Canadian credit is now gilt-edged. Surely this generation may well take pride in its accomplishment.

"But, after all, is the greatness of a country measured by its money-wealth? A nation is not mere acreages or miles of territory, cities, agricultural lands, forests or minerals under the ground. A real country is one with a happy and united citizenship, communities with viewpoints seeing beyond local bounds, geographical areas with broad understanding. It means homes with law-loving and law-abiding residents groups who rise above racial and denominational differences. It is a blending of all these man and varied assets which is

## FINANCE

driving Canada forward. Is it not significant that rarely do we hear anyone express the desire for a return to pre-war conditions? Canada has now a greater goal ahead. This generation has been tested and has risen to the demands made upon it; Canadians visualize what is possible through unity and faithful work. Day by day this generation climbs closer to its objective—a Canada with no east or no west but, from coast to coast, a happy, prosperous people, united in spirit, co-operative in action."

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### COST MEETING FOR LITHOGRAPHIC INDUSTRY

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**A** MEETING of cost accountants in the lithographic industry was held in the Windsor Hotel, Montreal, on Monday, October 7, 1929, under the auspices of the Canadian Society of Cost Accountants.

The following were present:

George H. Houston, Rolph-Clark-Stone, Ltd., Toronto; A. Coulson, Thompson & Sons, Ltd., Toronto; E. B. Thompson, Duncan Lithographing Co., Hamilton; C. E. Wigle, Howell Lithographing Co., Hamilton; W. C. Mills, The Mortimer Co., Ltd., Ottawa; G. M. Markham, The Federated Press, Ltd., Montreal; H. Douglas, The Federated Press, Ltd., Montreal; Lewis Rhodes, Consolidated Litho. Mfg. Co., Ltd., Montreal; C. R. Banning, Consolidated Litho. Mfg. Co., Ltd., Montreal; W. S. Campbell, Montreal Litho. Co., Ltd., Montreal; L. D. Campbell, Montreal Litho. Co., Ltd., Montreal; D. Allan, The Benallack Litho. and Ptg. Co., Ltd., Montreal; J. Fontaine, The Benallack Litho. and Ptg. Co., Ltd., Montreal; Gerard Boudrias, St. Lawrence Litho., Ltd., Montreal; Miss Barnard, Southam Press Montreal, Ltd., Montreal; Miss Colwell, Southam Press Montreal, Ltd., Montreal; J. S. Miller, Gazette Printing Co., Montreal; Miss MacDonald, Canadian Lithographers' Assn., Montreal; Tralice A. Todd, Canadian Lithographers' Assn., Montreal; J. Howe, Graphic Arts Assn., Inc., Montreal; Col. Wilfred Bovey, O.B.E., McGill University, Montreal.

The meeting opened with a luncheon, after which the business of the conference was proceeded with.

George H. Houston opened the business session and read a letter from Col. R. R. Thompson, president for the Canadian Society of Cost Accountants expressing his sincere regret at not being able to attend, as he had been called to Quebec on behalf of McGill University, but he had very kindly arranged for Col. Wilfred Bovey to take his place.

Col. Bovey gave a very delightful address and requested that he might be permitted to retire, as he had to attend the convocation at McGill University.

Addresses were given by W. S. Campbell on the application of the first four principles in the cost system, i.e., Productive Hour Method, Productive Hour Cost, Cost Per Productive Hour, and Productive Centres.

## COST AND MANAGEMENT

Lewis Rhodes read a very excellent paper dealing with the application of principles Nos. 5 to 9, inclusive, as follows: Depreciation, Interest on Investment, Departmental Expense, General Administrative Expense, and General Factory Expense.

C. E. Wigle explained the application of the principles Nos. 10 to 15, inclusive, covering the following: Selling, Stock Storage and Handling, Packing, Shipping and Delivery, General Commercial Expense, Actual Hour Costs, and All Inclusive Hour Cost.

A great deal of discussion took place on several important questions, which proved to be very interesting to all present.

In response to a question by the chair, several present expressed their approval and appreciation of this meeting, which they considered was most valuable, and it was the consensus of opinion that another meeting should be held in the early part of next year, when sample estimates should be considered and the question of the proposed new estimating manual should be taken up.

The chairman requested Mr. Tod, secretary-manager of the Canadian Lithographers' Association, to write a letter of appreciation to Col. Bovey for his kindness in attending and addressing the meeting.

## BOOKS RECEIVED

"Interest, Annuities and Bonds." By Herbert Tate, M.A., B.Sc., assistant professor of mathematics, McGill University, Montreal. Sir Isaac Pitman & Sons (Canada), Ltd., 70 Bond St., Toronto. 103 pages, \$2.50.

Professor Tate is already well known in this society and his address on "Formulae for Depreciation" was printed in *Cost and Management* of March 1929.

The book is a text on the application of the principles of compound interest and annuities. Beginning with a chapter on interest, it takes up equation of payments, annuities certain, annuities due and deferred, depreciation and capitalized cost, straight term and serial bonds, repayment of a debt, annuity bonds, and valuation of mines. A number of more intricate matters are taken up in the appendix, followed by tables of compound interest, annuities, logarithms and anti-logarithms. There are exercises at the end of each chapter.

The book is compact and concise. It requires a considerable knowledge of algebra, as the solutions are worked out by formulae.

## CHAPTER PROGRAMMES

# Chapter Programmes

1929-30

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### MONTREAL

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1929

- Oct. 3—Opening dinner, "Finance," by Hon. James A. Robb, P.C., M.P., Minister of Finance.
- Oct. 17—"The Tie-in of the Factory Records With the Cost Accounts," by Oliver Wellington, C.P.A., Scovell, Wellington & Co., Boston, Mass.
- Nov. 7—Visit to St. Jerome, P.Q.; inspection of plants of Rolland Paper Co., Ltd.; Regent Knitting Mills, Ltd.; Cost Studies, by Mr. Lanthier, Rolland Paper Co., Ltd.; Mr. Paul, Regent Knitting Mills, Ltd.
- Nov. 21—"Charts and Graphics in Their Relation to Cost Accounting" (1), by Prof. J. A. Coote, B.Sc., faculty of applied science, McGill University.
- Dec. 5—"Some Considerations on the Cost of Money," by Rene Morin, N.P., M.P., general manager Trust Generale du Canada.

1930

- Jan. 23—"Business and Statistical Methods," by Valmore Gratton, B.A., L.Sc.C., statistical engineer, Northern Electric Co., Ltd.
- "Charts and Graphics in Their Relation to Cost Accounting" (2), by Prof. J. A. Coote, B.Sc., faculty of applied science, McGill University.
- Feb. 6—"Costs in the Paint Industry," by P. Probyn, C.A., chief accountant, Sherwin-Williams Co., Ltd.
- Feb. 20—"Automobile Budgeting and Cost Accounting," by J. E. Carruthers, Durant Motors of Canada, Ltd., Toronto.
- Mar. 6—"Reservation for Junior Presentations and Students' Problems."
- Mar. 30—"Charts and Graphics in Their Relation to Cost Accounting" (3), by Prof. J. A. Coote, B.Sc., faculty of applied science, McGill University.
- Apr. 10—Annual dinner. Speakers and details to be announced later.

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### TORONTO

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1929

- Oct. 16—"Appraisals and Plant Records," by Messrs. H. C. Baker and J. J. English, C.A.
- Oct. 30—"Office Organization and Costs," by Messrs. James Turner, C.A., and A. Macdonald.

## COST AND MANAGEMENT

- Nov. 13—"The Tie-in of Factory Records" (1). (a) Methods of handling scrap—both raw materials and parts scrapped; (b) methods of handling repairs on parts in process—or when turned back by final inspection for repair; by Messrs. D. C. Patton and G. A. Phare.
- Nov. 27—"The Tie-in of Factory Records" (2). (a) Methods of keeping accurate count of pieces processed through several departments—largely on piecework rates; (b) methods of keeping accurate records of raw materials drawn and returns of unused or overdrawn materials; by Messrs. R. Oaten and C. Faux.
- Dec. 11—"The Preparation and Taking of Inventories," by Messrs. C. H. Black and James Muir.
- 1930
- Jan. 15—"Export Markets and Selling Prices," by Messrs. J. E. Carruthers and Gordon Peters, C.A.  
"Educational Work of the Society," by R. R. Thompson, C.A.
- Jan. 29—"Presentation of Costs to the Executive," by Messrs. H. Shiach, F.C.A., and W. F. Putt.
- Feb. 12—"Planning Production and Control of Materials," by Messrs. T. S. Jardine and E. W. Carpenter.
- Feb. 26—"Wage Incentive Methods and Payroll Systems," by Messrs. G. C. Reynolds and C. H. Pelling, C.A.
- Mar. 12—"Employment Problems and Labor Efficiency," by Messrs. W. G. Donaldson and B. W. Lang.
- Mar. 26—Annual dinner. Announcement later.

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## HAMILTON

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- 1929
- Oct. 9—Opening banquet, Wentworth Arms Hotel, 6.30 p.m. John Parkin, The Otis-Fensom Elevator Co., Ltd.; Col. C. R. McCullough, Ontario Engraving Company.
- Oct. 23—"Modern Merchandising," by E. H. Morrow, director of Merchandising Research Business Newspaper Division The MacLean Publishing Co., Ltd.
- Nov. 6—"Job Costs," by H. F. Wilson, Wilson & Fessenden, production engineers.
- Nov. 20—"Tie-in of Factory Record With the Costing Systems," by staff members The Steel Co. of Canada Ltd.
- Dec. 4—"Administrative and Selling Costs," by J. F. Lovell, Norton Company, Worcester, Mass.
- Dec. 18—"Corporations and Corporation Financing," by W. S. Ferguson, C.A., University of Toronto.

## CHAPTER PROGRAMMES

1930

- Jan. 17—"Distribution of Administrative and Selling Expenses," by A. E. Keen, C.A., Thorne, Mulholland, Howson & McPherson. "The Canadian Society of Cost Accountants," by Prof. R. R. Thompson, C.A., president C. S. C. A.
- Feb. 19—"Equipment Costs and Maintenance," by Hugh Johnston, Sterling Appraisal Co., Ltd.
- Mar. 19—"Machine Tool Costs," by A. S. Merrifield, Norton Company, Worcester, Mass.
- Apr. 16—"The Accountant in Modern Business," by A. J. Felton, vice-president Alexander Hamilton Institute.

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## WINNIPEG

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Winnipeg's plans for the season are referred to under Chapter Notes.

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## CENTRAL ONTARIO

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1929

- Oct. 10—Kitchener—"Industrial Accounting from a Practical Standpoint," by S. E. LeBrocq., comptroller, The Steel Company of Canada, Ltd., Hamilton; "The Banker's Interest in Cost Cost Work," by A. J. Cundick, The Bank of Nova Scotia.
- Nov. 21—Guelph—Plant visit and description of cost system of Guelph Carpet and Worsted Spinning Mills, Ltd., B. F. Griggs, C.A., and G. Earnshaw.
- Dec. 12—Galt—"The Tie-in of Factory Records." Discussion led by directors of the chapter.

1930

- Jan. 16—Kitchener—"Launching a New Industry," by Col. R. R. Thompson, McGill University, president Canadian Society of Cost Accountants.
- Feb. 13—Kitchener—Address by H. F. Wilson, Wilson & Fessenden.
- Mar. 13—Kitchener—"Costing in Relation to Export Business," by J. E. Carruthers, Durant Motors of Canada, Ltd.
- Apr. 10—Kitchener—Annual dinner. Details to be arranged.

Meetings commence at 8 p.m.

Kitchener meetings in Assembly Room, City Hall.

Guelph meetings in plant and office of Guelph Carpet and Worsted Spinning Mills, Ltd.

Galt meeting in Y. M. C. A.

## CHAPTER NOTES

### MONTREAL

D. R. Patton, C.A., Secretary

"The Tie-In of Factory Records with the Cost Accounts" was discussed before the Montreal Chapter on October 17th, by Mr. Oliver Wellington, C.P.A. Mr. Wellington, of the firm of Scovell, Wellington and Company of Boston, besides being looked to in the States, as an authority on accounting matters, is well known on our side of the line, and on his trip to Montreal he renewed many acquaintances among the "Cost Accountants."

Mr. Wellington stressed the importance of considering the accounting system—as a whole—not as divided into distinct units for production, cost and general accounts. "Cure-Alls" for any one particular phase are not sufficient, but problems must be settled in their general relationship. A plant using "Standard Costs" was dealt with as furnishing a more specific example for consideration. The primary divisions—materials, labour and burden, were taken up in turn. Outline was given of the use of bin cards, store cards, requisitions from stores, and various forms or divisions required for the handling of spoiled materials, goods returned, scrap, and material loss and gain. The same standard of costs should be used throughout transactions of the various stages, so that loss and gain resulting from change in market value of materials, might be segregated and not confused with the costs of actual production. Permanent changes in market should be taken care of through periodical adjustments of the Standard.

Labour variances—consisting of variations in time or rate per hour from the Standard must be picked up and studied immediately. The labour cost on materials spoiled, as well as the material cost, must come out of the Materials-in-Process.

Burden might be calculated as a percentage of piece work rates as a charge per machine or man hour, or on some such equitable basis. Standard burdens should be worked out and variances given attention at once.

Mr. Wellington also mentioned the advantages of the Standard Costs over Actual Cost Systems, in that they—(a) Give Standard type of information, with variances shown separately; (b) Lay down a goal to work for and measure the activity of each man in the business; (c) Provide a saving in clerical work during the handling of items in total; (d) Save time of the Executives, as their attention is needed only for the "Variances," and (e) Provide information when it is "hot" and not as "history."

Mr. A. P. Murray gave a short address to the Chapter on the "Produced in Canada" movement—bringing home the practical and personal value of purchasing goods manufactured within the Dominion.



## CHAPTER NOTES

### TORONTO

Harold J. McQuillan, Secretary

Fifty members and friends enjoyed the first meeting of the Toronto Chapter, Canadian Society of Cost Accountants, Wednesday, October 16th, at the Board of Trade. D. C. Patton, our able chairman, indicated the recent progress and growth of the Association. In this connection, the Chairman mentioned the opening meeting of the Central Ontario Chapter.

The gentlemen responsible for the programme were introduced by Mr. Patton. Mr. H. C. Baker, Canadian Appraisal Company, stated that, from a mass of data on plant appraisals, it was task to pick out that of especial interest to the cost accountant. There is no royal road to making an appraisal. The first step is to appraise the reproductive cost of all assets. This necessitates a thorough knowledge of market values, usually applied through a field personnel of trained appraisers. The standard appraisal is not found adequate; one being discarded is that of valuing a building at so much per square foot of floor space, or cubic foot of structure. Two buildings of the same type, and of equal volume, but of different circumference, may vary as much as twenty per cent. in cost. Depreciation is an important item of manufacturing costs, and to know these costs in one of the most important requisites of modern industry. Definite and accurate information of costs is often the secret of the price cutter, who makes a good profit. A recent investigation of firms not making a profit revealed, among other weaknesses, a faulty cost system. Two of the remedies applied to some of these industries were an accurate cost system, checked monthly with the operating statement, and a sales forecast corrected monthly.

J. J. English, C.A., Messrs. Clarkson, Gordon, Dilworth, Guilfoyle & Nash, gave a very lucid description of ideal plant records. While there are still many concerns using a single entry system, many plants keep very complete equipment records. Each machine is numbered with plate or paint. The machine card gives a complete description, capacity, when and from whom purchased, and where located in the building. All data concerning depreciation is also shown, the rate varying according to type of machine. Probably ninety-five per cent of firms in Ontario utilize the straight line method, the balance using the Appraisal, Reducing Balance, Production, or Annuity methods. Some have rather a complicated plan for determining depreciation of patterns and dies. This was discussed later in the evening.

W. A. Robertson, of Lever Brothers, Limited, considers the appraisal of great value, and described one in particular.

T. H. Marrow, Durant Motors of Canada, emphasized the value of an early start in complete plant records as an aid to those concerned with them later.

#### Meeting Toronto Chapter, October 30, 1929

In spite of pre-Hallowe'en and political activities, a goodly number came to hear about "Office Organization and Costs" at Toronto

## COST AND MANAGEMENT

Chapter, October 30th. This was due greatly to our confidence in A. Macdonald, of the Bank of Nova Scotia, and Jas. Turner, C.A., The T. Eaton Company, with their other speakers.

D. C. Patton, our Chairman, welcomed the members, and introduced A. R. Tidy, Canadian General Electric Co. Mr. Tidy gave a very fitting introduction to the evening's discussion. The commencement of office work for a manufacturing organization is purchasing, a highly specialized branch. Then there are routing and control of material, keeping or taking inventory, and time-keeping. These four classes of office work are generally charged to production, with some purchasing costs to sales. All other office expense must be absorbed by the production or sales department. The accounts payable and general office work must be pro-rated. This calls for individual cost work, and cannot be standardized.

Arthur Clarke, L.A., of Clarke & Company wired from one of Toronto's distant suburbs that he was there detained, and unavoidably. We shall be happy to hear from Mr. Clarke at a later date.

M. L. Ashmore, C.A., Clarkson, Gordon, Dilworth, Guilfoyle & Nash, finds that where payments are made for definite invoices, that the voucher system, with the voucher register makes for efficiency. The register should have enough columns for adequate distribution, and to control taking discounts. Large firms find it economical to apply machines to this work which also reduce errors. Two difficulties in handling accounts payable are losing invoices and not having vouchers properly approved. Some firms number invoices as they are received, others enter the amount in register before approved, others have an invoice record separate from voucher record.

A. Macdonald, Bank of Nova Scotia, finds that office machinery gets work out quickly, and shortens working hours and improves the type of office help. Their head office is equipped with a postal meter, letter opener, and letter folder. One machine marks the paid stamp on checks at five hundred per minute. The photostat, teletype and recordite are among the latest additions. The latter machine photographs checks at an amazing speed. Another makes a photographic copy of a dividends paid return to the Income Tax department. Many a sigh of relief was heard on this assurance. The posting machine posts and shows balance on pass book, posts the ledger, and can accumulate twenty totals. Do not conclude from the above that our speaker has been influenced by this mechanization. A more charming or likeable gentleman cannot be found in our banking institutions.

E. L. B. Hamlin, The T. Eaton Company, reminded us of early Christmas shopping when reference was made to Scrooge. This in itself was a master-stroke. Of the different types of artificial light in use, the semi-indirect is most favoured, with light coloured walls and dull-finished furniture—glass top desks not allowed. It pays to consider the man who wears glasses. Poor ventilation and incorrect heating cause most absentees.

R. F. Bruce Taylor, C.A., Edwards, Morgan & Co., admitted that he was not in favour of the time clock. This machine has probably been more over-rated than any business mechanism. At one large Ontario office at five minutes to nine you will find the staff reading the Globe outside. Five minutes later all cards have been punched,

## CHAPTER NOTES

and nine-fifteen finds the Mail & Empire still under observation. At another office, final preparations were completed a little before five o'clock; a few minutes later, the clock had done its work, and at five-fifteen the auditors sallied forth under a halo of self-righteousness. The system can bring attendance up to a standard, but can also reduce the regard for achievement.

Jas. Turner, C.A., stated that one organization found it a distinct advantage to dispense with the time clock. The most important thing is that the individual should think well of himself and his work.

H. E. Guilfoyle complimented the speakers on their splendid work, and considered the general progress of the society to be gratifying.

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### HAMILTON

A. J. Mouncey, Secretary-Treasurer

The Hamilton Chapter is off to a good start this season. The first meeting was in the form of an opening banquet at the Wentworth Arms Hotel which was very well attended. John Parkin, General Sales Manager of the Otis Fensom Elevator Co. Ltd. gave us a very stirring address on the responsibilities of cost accountants. His subject was "Counting the Cost" and was an extremely inspirational address. He finished his remarks by mentioning that COST stood in his estimation for C- Co-operation without which no Sales Department could sell at a profit. O- Observation without which no Cost Department can intelligently function. S- Security of final success which comes to a company having an adequate and accurate Cost Department. T- Triumph, the culmination of all these attributes.

Col. C. R. McCullough who is the originator of the Canadian Club Movement also spoke fluently on the subject of the growing importance of Cost Accounting in the business world.

The Hamilton Chapter was very fortunate in securing such able speakers upon the occasion of their opening banquet.

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### CENTRAL ONTARIO

Central Ontario Chapter, organized for members of the Society in Kitchener, Galt, Guelph, Stratford and other convenient points, came into formal existence by resolution of the directors of the Society at a meeting in Montreal on September 16th.

The first regular meeting was held in the City Hall, Kitchener, on October 10th. The attendance was 43, indicating a keen interest in the new branch on the part of cost men in this section. The membership of the Chapter is mounting rapidly, so that interesting meetings are assured. The provisional directors, with E. Tailby, L.A., of Kitchener acting as chairman and C. J. Heimrich of Cluett, Peabody & Co., of Canada, Ltd., as secretary-treasurer, has drafted a programme of meetings for the season.

The chief speaker at the October meeting was S. E. LeBrocq, comptroller of the Steel Company of Canada, Ltd., Hamilton, and

## COST AND MANAGEMENT

vice-president of the Society, on "Industrial Accounting from a Practical Standpoint." Mr. LeBrocq suggested some methods for treating taxes, administrative and other expenses in determining the cost of goods. His address appears in Cost and Management.

A. J. Cundick, manager of the Bank of Nova Scotia, Kitchener, spoke on accounting from the banker's viewpoint, and said that to know the financial position at the end of the year was not enough. Good accounting should keep close to current operations, so that the condition at almost any time would be apparent with reasonable accuracy. Mr. Cundick mentioned how the banks had come to adopt labor-saving machinery and urged industrial firms to give these devices their attention, as many were still using old and expensive methods in office work.

M. I. Long, C.A., chairman of Hamilton Chapter, D. C. Patton, chairman of Toronto Chapter, and G. A. Phare, formerly secretary of Winnipeg Chapter and now resident in Toronto, were present and spoke briefly. W. A. McKague, executive secretary, mentioned some new developments in the Society in the way of assistance to the members in their cost problems.

Those present included men from Kitchener, Waterloo, Preston, Galt and Guelph. A lively discussion followed the addresses, with J. M. Taylor, of the Taylor-Forbes Co., Ltd., Guelph and others present from that company, H. F. Wilson, A. B. Musselman and others taking part.

The Chapter is looking forward to visiting the plant of the Guelph Carpet and Worsted Spinning Mills, Ltd., on November 21st, and hearing the cost methods of that company described by B. F. Griggs, C.A., secretary-treasurer, and G. Earnshaw, cost accountant. The invitation kindly extended by Mr. Griggs on behalf of the company is greatly appreciated.

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## WINNIPEG

Winnipeg Chapter had a meeting on August 9th, addressed by Col. R. R. Thompson, C.A., president of the society, on "University Education for Commerce". A September meeting was addressed by D. M. Farish, C.A., of the Northern Electric Company. A meeting on October 21 was addressed by J. B. McNair, superintendent of the gas utilities of Winnipeg Electric Company, on the history of gas and a description of present operations in the industry.

The November 18th meeting is not yet arranged. On December 16th there is to be an address on Paint Manufacture and Costs, by Arnold Smith, manager of International Laboratories, Ltd. An address on Creamery and Milk Distribution Costs by the general manager of the Crescent Creamery is to be heard after the first of the year. Other subjects tentatively arranged for, with dates not yet quite certain, are: Budgetary Control, Meat Packing, Telephone Costs, Government Accounts, and Office Machinery.

## COST LITERATURE

# COST LITERATURE

RECEIVED IN OCTOBER

**F**IXED Property Records—Their Forms and Uses. A. L. Prickett, Head of Department of Accounting Control, Indiana University. National Association of Cost Accountants' bulletin, October 15.

Cost Accounting for Distribution in Retail Grocery Stores. W. Alderson, Business Specialist, United States Department of Commerce, Washington. National Association of Cost Accountants' Bulletin, October 1.

Wage Incentive Plans as Applied to the Brass and Copper Industry. E. D. Krumm, Rome Brass & Copper Co., Rome. National Association of Cost Accountants' Bulletin, October 1.

Financial Aspect of Industrial Management. H. Wilmot, F.C.W.A., The Cost Accountant, September.

Cost Accountancy and Political Economies. "A.G.N.D." The Cost Accountant, September.

Democracy in Factory Accounting. G. C. Stone, A.C.W.A. The Cost Accountant, September.

## Chapters and Chapter Programmes

By W. A. McKAGUE, General Secretary

**I**N this issue we print the details of the programmes of our five Chapters for the 1929-30 season. Taken altogether, this is the best line-up of events that has ever been arranged by this organization. Our field is one which is not easily exhausted. The study of costs and costing systems brings in so many problems of office and plant that the question is what to select. Securing the speaker is a little more difficult, not because of any lack of able men, but because of the extreme modesty of some of our best cost men.

Our officers in Montreal have developed the habit of doing things in a big way, and the addresses by W. H. Coverdale and by F. G. Daniels last year were among the best papers ever obtained by any organization of this type. This year Montreal opened with a talk by the Minister of Finance and we heard a rumour that they might have the Minister of Trade and Commerce for their annual dinner. The in-between speakers may be lesser lights from the standpoint of public affairs, but they certainly have stuff which is of outstanding value in our own field and the Montreal season should be a conspicuous success.

## COST AND MANAGEMENT

In Toronto the feeling developed that some of our own ranks were too backward and the executive took in hand a plan to ask each local member to raise his standard (speaking of flags rather than of qualities) and nail it to the mast for general target practice. Ten suitable subjects were chosen and the Toronto membership was divided into as many groups, each group taking one subject under the leadership of two members. From interest in the first two meetings, this seems to be a good scheme, at least as a change for one season.

Hamilton's programme is excellently balanced between topics of wider interest and those in costing proper. Our Hamilton group was supposed to be orthodox, but with G. E. F. Smith, C.A., developing as official (and very successful) humorist for the Society and S. E. LeBrocq juggling ideas conservative and radical with equal facility, we have great hopes for the ultimate salvation of this Chapter, which used to be regarded by Toronto and Montreal as the "baby" but which now extends the hand of welcome to the new ones which have been formed.

The comparative isolation of Winnipeg is a difficulty when it comes to making up a programme. Down east here, when the local talent seems backward, we do not need a very long rope to try and lasso some dark horse from a near-by Chapter. Winnipeg can obtain outsiders only by the accidents of business and travel. This year already, addresses by Col. Thompson and D. M. Farish have been enjoyed in Winnipeg, and a general wireless is issued, both beam and broadcast, for outside members of our Society to present their company and their views in our Winnipeg Chapter. Any branch which developed a membership of 58 in its first year, and some excellent papers, is not going to be stalled at this stage, however, and the directors have some real local talent on tap for use this season. However isolated Winnipeg may be just now, we hope that in a year or so it will find itself mother-Chapter to one or two others established further west, and that contact among our membership as a whole may be increased.

Our Central Ontario Chapter, which was just started in September, got up to a membership of seventeen by the end of October, with further applications arriving in November, and it looks like a success. The task of getting up a programme for the first season fell on the committee appointed and on the writer, and it seemed best to start with one meeting per month, but as quite a number of those already joined or coming in, feel a keen interest in cost work, some extra meetings by way of round-table talks may be added. Members from Montreal, Toronto and Hamilton are on the programme, but there are some men in the Chapter itself who are quite able to talk and should be called upon to do so once they have had a chance to get their breath.

These programmes promise first class material for publication in Cost and Management, and lots of it. We are in the happy position of having the active interest of our members, and a growing membership as well.

## NEW MEMBERS

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The following are new members of the Society:

#### Montreal

Forbes, P. H., C.A., Wabasso Cotton Co., Ltd., Three Rivers.  
Cadwallader, R. E., Montreal Biscuit Co., Ltd., Montreal.

#### Toronto

Ogden, A. L., Imperial Bank of Canada, Toronto.  
Welch, H. J., C.A., Welch, Campbell & Lawless, Toronto.  
Oswald, J. K., Canadian Chewing Gum Co., Ltd., Toronto.  
\*Severn, Roy F., Durant Motors of Canada, Ltd., Leaside.  
Andrew, G. C., Huronian Belt Co., Ltd., Toronto.  
Walker, N. H., Willard Storage Battery Co. of Canada, Ltd., Toronto.  
Bayes, C. W., Ault & Wiborg Co. of Canada, Ltd., Toronto.  
Mitchell, J. H., Coleman Lamp & Stove Co., Ltd., Toronto.

#### Hamilton

Fleming, G. S., Hamilton Bridge Co., Ltd., Hamilton.  
\*Smith, Cecil, Hamilton Bridge Co., Ltd., Hamilton.  
\*Gair, Alex., Hamilton Bridge Co., Ltd., Hamilton.  
\*Furneau, Walter, Firestone Tire & Rubber Co. of Canada, Ltd., Hamilton.  
\*McRae, J. R., Firestone Tire & Rubber Co. of Canada, Ltd., Hamilton.  
Stott, Stanley, International Silver Co., Ltd., Hamilton.

#### Central Ontario

Kidd, John J., C.A., Thorne, Mulholland, Howson & McPherson, Galt.  
Hedley, R., Scroggins Shoe Co., Ltd., Galt.  
Arnold, Allan, Galt Brass Co., Ltd., Galt.  
Scott, E. R., Goldie & McCulloch, Ltd., Galt.  
\*Dorschell, R., Goldie & McCulloch Co., Ltd., Galt.  
Griggs, B. F., C.A., Guelph Carpet & Worsted Spinning Mills, Ltd., Guelph.  
\*Earnshaw, G., Guelph Carpet & Worsted Spinning Mills, Ltd., Guelph.  
Schlegel, A. H., Canadian Office & School Furniture Co., Ltd., Preston.  
Miller, E. J., Globe Furniture Co., Ltd., Waterloo.  
Musselman, A. B., Dominion Button Manufacturers, Ltd., Kitchener.  
Brown, J. G., C.A., Thorne, Mulholland, Howson & McPherson, Kitchener.  
Heimrich, C. J., Cluett, Peabody & Co. of Canada, Ltd., Kitchener.  
Wilson, H. F., Wilson & Fessenden, Kitchener.

\*Junior member.

### COST MEN AVAILABLE

IN view of the number of requests received during the past year for cost accountants, and the limited number of our own members who are available, the Society has endeavoured to build up a really comprehensive list from which heads of cost departments and other employers may select help. The list published below should serve that purpose. The men range in age from 20 to over 60, and their experience is equally varied; they are located all the way from the Maritimes to Vancouver. The briefest particulars only can be given



## COST AND MANAGEMENT

here, but more complete information is on file in the Society's office, and anyone desiring to secure further details and to get in touch with any of these men, is requested to write us indicating them by number.

No. 1—Age 31. Married. Graduate J. Lee Nicholson Institute of Cost Accountants, now enrolled La Salle Higher Accountancy Course. Experienced in storekeeping, general and cost accounting, in cement, iron and steel, rubber and imitation leather industries. Montreal vicinity.

No. 2—Age 30. Married. Taking Higher Accountancy Course La Salle Extension University. Experienced in typing, invoicing, bookkeeping, stock recording general and cost accounting, in textile industry. Montreal vicinity.

No. 3—Age 31. Graduate La Salle Higher Accountancy Course. Experienced as ledger-keeper, teller, pay-sergeant, general and cost accountant in automobile industry. Toronto vicinity.

No. 4—Age 65. Second Class Teacher's certificate. Experienced in teaching, bookkeeping, accounting, auditing, installing systems in municipalities and corporations. Vicinity of Winnipeg or Toronto under three or five year contract.

No. 5—Age 22. Married. Graduate of The Cooper Institute of Accountancy, Winnipeg, in accounting and business administration also cost accounting. Experienced as bookkeeper, without practical experience in cost accounting but desirous of obtaining position of assistant to cost accountant. Winnipeg vicinity.

No. 6—Age 30. Experienced in accounting and costing. Formerly secretary-treasurer of scientific farming enterprise. Preferably the east.

No. 7—Age 30. Married. Experienced as office manager, purchasing agent, credit manager, accountant and cost accountant, in various lines of industry. Now in United States but desirous of again locating in Canada.

No. 8—Age 49. Married. Knowledge of cost accounting, experienced as bookkeeper, president, secretary-treasurer and bank manager.

No. 9—Age 34. Graduate of Royal High School, Edinburgh, Scotland. Experienced in banking, bookkeeping, accounting in foreign trading.

No. 10—Age 30. Graduate of High School (Commercial Course). Experienced in general office work, invoicing, costs, statistics, analysis. Montreal vicinity.

No. 11—Age 46. Married. Educated in England. Admitted as C.A. in 1915. General experience, particularly interested in cost accounting.

No. 12—Age 40. Married. Five Years practical training in accountancy. Considerable experience in costing, as well as every branch of accountancy from office routine to executive duties in connection with operative management.

No. 13—Age 33. Married. Experienced in cost accounting of construction costs of illumination development. Preferably Toronto.

No. 14—Age 38. Married. Experienced in banking, office managing, installing of Harrison Standard System. Two year contract expected.

No. 15—Age 45. Good education. Experienced in general office work, banking, accounting, costing. Vicinity immaterial.

## COST MEN AVAILABLE

No. 16—Age 34. Married. Four years experience as cost accountant for an engineering company. Vicinity immaterial.

No. 17—Age 37. Good education. Graduate of International Accountants Society. Experienced as bookkeeper in leather industry.

No. 18—Age 45. Married. Graduate of International Accountants Society. 20 years experience in accountancy, office management, buying and organization—3 years public auditing.

No. 19—Age 42. 18 years' experience in cost work and general accounting with coal company.

No. 20—Age 28. Married. Experienced in general office work, also in cost accounting of furniture and automobile bodies. Vicinity immaterial.

No. 21—Age 25. Nine years experience in time keeping and stores in railway company.

No. 22—Age 24. Partial matriculation and business course. Four years' experience in cost department.

No. 23—Three and a half years' experience in cost department.

No. 24—Age 42. Experienced cost accountant in shoe trade and construction work. Vicinity immaterial.

No. 25—Age early thirties. Experienced industrial and cost engineer in installation and constructive cost work in many industries. Vicinity immaterial.

No. 26—Age 24. Five years' experience in accountancy which includes 2 years in cost accounting in paper and lumber mills. Vicinity immaterial.

No. 27—Age 35. Good education. Special course in Safety Engineering and Accounting, with Buffalo University. About 3 years in cost work. Toronto preferred.

No. 28—Age 34. Married. Good college education, course in advanced accounting at McGill, 15 years business experience, bilingual. Accounting experience includes 12 years commercial and industrial costs, statements, budgets, etc.

No. 29—Age 35. Married. Experienced in construction work.

No. 30—University of Manitoba three years. Graduate in public auditing and cost accounting.

No. 31—Experienced in various industries and financial work.

No. 32—Age 43. Married. Experienced in bookkeeping and accounting. Knowledge of industrial plant work, organization and maintenance. Vicinity immaterial.

No. 33—Age 40. Experienced in railway work.

No. 34—Experienced in construction work.

No. 35—Age 38. Married. Experienced in cost, payroll and production departments of dairy machinery manufacturer.

No. 36—Age 36. Married. Now taking course in Higher Accountancy with La Salle Extension University. Experienced as bookkeeper, cashier, assistant secretary-treasurer, general and cost accountant. Toronto preferred.

No. 37—Married. Experienced in trust and industrial concerns.

No. 38—Married. Experienced as office executive, accountant. Would take entire charge of staff, handle costs, production, or any responsible position in keeping with a long and excellent experience. Toronto preferred.

No. 39—Age 50. Married. Experienced in auditing, purchasing, general and cost accounting in food production concern.

## COST AND MANAGEMENT

No. 40—Age 33. Married. Experienced as factory representative, statistical reporter, general and cost accountant. Vicinity immaterial.

No. 41—Age 40. Many years experience in general and cost accounting in steel industry.

No. 42—Age 45. Married. High school and business college education. Experienced in bookkeeping, office management, accounting. Toronto preferred.

No. 43—Age 42. Married. Trained in accounting, economics and commercial law. Experienced in costing and statistical work. Winnipeg vicinity.

No. 44—Fourth year university student. Desirous of part time position. Experienced on payrolls and manufacturing labour cost in food production.

No. 45—Age 23. Experienced as assistant bookkeeper, timekeeper, stock, audit and stores clerk.

No. 46—Age 38. Experienced as assistant chief accountant.

No. 47—Age 30. Experienced in construction and mines in Northern Ontario. Toronto vicinity.

No. 48—Age 33. 14 years' varied office and accounting experience, 6 years of which has been in all departments of mine accounting. Open for position of chief accountant for a mining company, or as senior accountant in any other industry. Near Pacific Coast preferred.

No. 49—Age 49. Graduate of Ottawa University. Experienced as chief accountant and office manager of automobile, producing and refining concerns.

No. 50—Age 41. Married. General knowledge of office accountancy also practical factory experience in costing of textile trade, cottons and art silks. Ontario preferred.

No. 51—Age 25. High school education also university training in the manufacture of woollen and worsted yarns at Leeds University. 4 years' experience as cost accountant in blanket manufacturing concern. Anywhere in Canada.

No. 52—Age 31. Married. Taken course of International Cost Society. Several years experience in cost accounting. Ontario preferred.

No. 53—Age 37. Experience as office manager, general and cost accountant in mining industry. Vicinity immaterial.

No. 54—Age 38. Married. Experienced in banking, bookkeeping, costing, accounting. Toronto or district.

No. 55—Age 46. Single. Experienced as sales and office manager, bookkeeper, chief cost accountant.

No. 56—Age 26. Single. High school and two years Dublin University. Now taking higher accountancy course with La Salle Extension University. Experienced as bookkeeper, assistant managing director, purchasing agent and cost accountant.

No. 57—Age 50. Married. Took course in Chartered Accountancy with Shaw Correspondence Schools also immediate examination of Ontario Institute of Chartered Accountants. Many years experience in every branch of lumber work. Small town preferred.

No. 58—Age 23. Graduate of Sprott-Shaw Business College. Now taking La Salle Extension Course in Higher Accountancy. Experienced as stenographer, file clerk, assessing and office assistant.

